BRITISH COLUMBIA

BC STATS

Ministry of Management Services

Infoline

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- **BC population expands 0.2% in first quarter**
- **Rising gas prices sends inflation to 2.5%**
- **National net worth amounts to $127,500 per person**

Population

- **BC's population, as of April 1st, was estimated at 4,177,443, an increase of 0.2% over the previous three months.**

  Net inter-provincial migration led to a loss of 250 people in the first quarter, with slightly more people leaving than entering the province. There was a net outflow of 930 people to Alberta, 52 to Saskatchewan, and 40 to Quebec. Partly offsetting this was a net inflow of 601 people from Ontario, and 101 people from Atlantic Canada.

  BC's population increase was largely due to international migration, which brought in nearly 7,700 new residents. "Natural" population growth was also a factor, as there were 1,900 more births than deaths. *Data Source: Statistics Canada*

- **Nationally, population expanded at the same rate as in BC (+0.2%).** Population growth was highest in Alberta (+0.4%), followed by Ontario (+0.3%). Only one province, Newfoundland & Labrador (-0.2%), recorded a substantial decline in population. *Data Source: Statistics Canada*

Consumer Prices

- **Surging gasoline prices pushed BC's inflation rate up to 2.5% in May.** The inflation rate in April was 1.7%, and in March only 0.8%. The price of gasoline was 27.4% higher than in May of last year. After excluding energy prices, the increase in the consumer price index was 1.6%.

  Movement in clothing prices (+1.9%) increased significantly from last month. In contrast, inflation in food prices (+0.6%) eased somewhat from the month before. The inflation rate for shelter (+1.9%) was basically unchanged.

  Inflation in BC's two largest cities was above the BC average. In Vancouver, the consumer price index was up 2.6% from the same month last year. In Victoria, the price index was up 2.8%. This implies that price increases were more moderate in other regions of BC.

  Data Source: Statistics Canada

- **Inflationary trends were much the same nationwide in May.** The national inflation rate was 2.5%, the same as in BC. However, only two provinces had a higher rate than BC – Saskatchewan (2.6%) and Ontario (2.8%). The only major city with higher inflation than Victoria (2.8%) was Ottawa (3.0%).

  Data Source: Statistics Canada

- **Gasoline prices have been highly inflationary in recent times, climbing 66% over the last six years.** By comparison, the overall consumer price index rose only 11% during that time. This follows a 14-year period when gas prices, despite some cyclical ups and downs, were remarkably stable. Between 1985 and 1998, there was no net inflation in gas prices.

  Data Source: Statistics Canada

The Economy

- **Retail sales growth slowed in April, increasing 0.7% (*seasonally adjusted*) between March and April.** Retailers in BC and other parts of western Canada posted relatively solid gains, but overall Canadian sales were down 0.8%. This was largely due to a slowdown in Ontario (-1.3%), Quebec (-2.2%) and most of Atlantic Canada. Weak sales of automotive products (-2.3%) and building & home supplies (-0.7%) were a major factor in the decline at the national level. Canadian consumers also spent less at food & beverage (-1.0%), clothing & accessory (-0.6%), and pharmacy & personal care (-0.3%) stores. General merchandise stores re-

Report Port of Prince Rupert: Down, but not Out

Did you know...
BC women spend less time doing laundry than those in other provinces.

corded a robust 1.9% increase in sales.

Data Source: Statistics Canada

- **Wholesale sales in the province were up 2.4% (*seasonally adjusted*) in April**. The increase was largely attributable to a strong performance by wholesalers of products such as chemicals, agricultural supplies, paper and disposable plastics. Manitoba (+3.1%), BC (+2.4%), and Ontario (+2.0%) all made solid gains in April, with little or no growth seen in the rest of the country. Nationally, the value of sales was up 1.0%. *Data Source: Statistics Canada*

Note: With the release of the April data, monthly retail and wholesale trade estimates are now being reported on a North American Industrial Classification System basis.

- **Average weekly wages were flat in BC in April, with no change recorded on a seasonally adjusted basis**. Nationally, wages edged up 0.5%, with the strongest growth in the Maritimes (+1.2%) and Quebec (+1.1%). All of the Prairie provinces posted a decline in wages.

Data Source: Statistics Canada

Missing Work

- **There were 9.6 days per worker lost to absences in BC last year**. The bulk of this (82%) was due to illness or disability, with the remainder related to other personal or family responsibilities.

  On average, women in BC lost 2.8 more days to absences than men, with 40% more time lost to sick leave and 31% more time lost to personal/family responsibilities.

Data Source: SC, Catalogue no. 71-211-XIE

- **Nationally, the number of days lost to work absences was slightly lower (9.1 days) than in BC.** Absence rates are much higher among those covered by union contracts—which tend to include paid illness/family leave benefits. In unionized workplaces, Canadian workers missed an average of 12.8 days last year, almost 80% more than in non-union companies (7.2 days). *Data Source: SC, Catalogue no. 71-211-XIE*

Recent Immigrants in the Job Market

- **Recent immigrants with advanced education had high levels of under-employment in 2001**. Among highly educated recent immigrants, some 25% of men and 38% of women worked in jobs that required at most only a high school education. For Canadian-born university graduates, 12% of men and 13% of women work low-education jobs.

Data Source: SC, Catalogue no. 75-001-XIE

- **The under-employment of recent immigrants varies dramatically by region of origin.** Men from Northern and Western Europe actually have lower rates of under-employment (10%) than Canadian-born men (12%). In contrast, among male immigrants from Southeast Asia, almost half (48%) are under-employed, and the rate is even higher for women (61%).

  Changes in immigration policy in the 1990s created higher educational requires for immigration to Canada. In the beginning of the 1990s, 22% of recent immigrants held a university degree. By 2001, this proportion had nearly doubled to 40%. Recent immigrants now make up 6% of Canadians with a university degree, up from 4% in 1991.

  Despite demanding better-educated immigrants, it is clear that many of those accepted into Canada find their human capital wasted in jobs that do not require advanced education.

Data Source: SC, Catalogue no. 75-001-XIE

The Nation

- **National net worth amounted to $127,500 per person in the first quarter of 2004**. This represents the net wealth of persons, governments, and corporations in Canada.

Data Source: Statistics Canada

- **Roughly 5.5 million Canadian workers—some 35% of the workforce—belong to employer-sponsored pension plans.**

Data Source: Statistics Canada

- **The index of leading economic indicators rose 1.2% in May, the strongest performance in over two years**. Nine out of ten elements in the index posted gains, led by the housing sector. The only element showing a modest decline was the corporate stock price index.

Data Source: Statistics Canada

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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Originally published in *Exports*, Issue 04-04. Annual Subscription $60 +GST

Port of Prince Rupert: Down, But Not Out

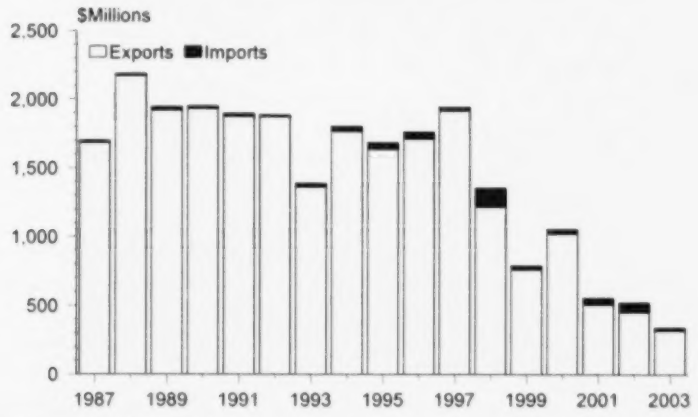
A litany of woes has set the City of Prince Rupert and its Port back on their heels

The Port of Prince Rupert has suffered several serious setbacks over the last several years, but there are positive signs that things may be turning around. The Port, and the City of Prince Rupert, for that matter, have experienced more than their fair share of economic disasters in recent years. The bankruptcy of Skeena Cellulose and the subsequent shutdown of the pulp mill hurt both the city as well as the Port, since most of the forest products shipped through the Port of Prince Rupert originated with that company. At the same time as the troubles in the forest sector, the fisheries in and around Prince Rupert were cutting back due to declining stocks and fish processing plants ceased operations. On top of that, drought conditions in the Prairies affected volumes of grain moving through the Port and the Northeast coal operations were closing up shop, starting with the shutdown of the Quintette mine. Since then, the Bullmoose mine has also closed, which has reduced coal shipments through the Ridley Terminals facility to nil.

Shipments through the Port of Prince Rupert of goods destined for overseas have dropped substantially in the last several years, falling from just under $2 billion in 1997 to only $319 million in 2003. As can be seen from the chart below, the Port of Prince Rupert is primarily driven by exports. The volume of imported goods moving through the Port has never been a significant factor in its operations.

The volume of international shipments through the Port of Prince Rupert has fallen dramatically

International commodity exports through the Port of Prince Rupert have plummeted in the last few years



Source: Statistics Canada

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The Port has made attempts to diversify in light of the loss of coal traffic and the reduction in shipments of forest products and grain. These efforts have met with mixed results. Construction of a sulphur terminal was 80 percent complete when the company building the facility went under. The plan was for the Port to become the major export destination for sulphur produced in Western Canada, but to date the terminal remains incomplete.

However, the Port has managed to attract some business on the import side. In 2000, the Port began receiving shipments of Asian slack wax, a component in the manufacture of emulsified wax, used by oriented strand board mills, and in 2001, shipments of steel pipe destined for Alberta began arriving through the Port.

Another area where the Port has had some success is in attracting cruise ship traffic. In 2001, the Atlin fish plant was transformed into a small cruise ship terminal and this year, a new, larger terminal, the Northland Cruise Ship Dock, has started operations with commitments for 36 large cruise ship visits. The Prince Rupert Port Authority estimates that the cruise ship facilities will service in excess of 66,000 passengers this year. They also project that, over the next decade, the cruise ship industry in Prince Rupert could generate over 1,000 jobs and over $30 million in economic activity.[1]

A new cruise ship facility has attracted major cruise lines to Prince Rupert and an expectation of in excess of 66,000 passengers passing through the city in 2004

There is also some positive news from the coal industry as rising demand for metallurgical coal is making some potential operations in BC feasible. China has moved from being a net exporter of coal to a net importer, which has tightened global supply, resulting in the increased demand. There are hopes to start construction on a new mine near Tumbler Ridge – the Wolverine coal mine – but it still needs to get final environmental approval. There are also other coal projects underway that would likely look to ship their product through Prince Rupert; however, it is unlikely, in the short-term at least, that the volumes will come anywhere close to that shipped by the now defunct Quintette and Bullmoose mines.

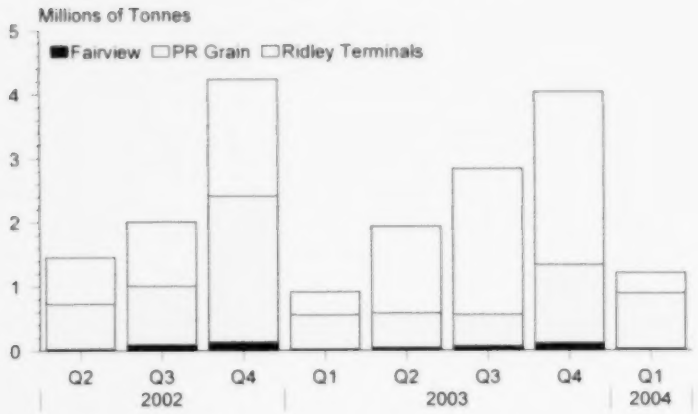
The closure of the Northeast coal mines has hurt the Port, but resurgence of the coal market may lead to new mines opening soon

The remaining supply of coal extracted from the Bullmoose mine, which closed in the spring of 2003, was all exported out of the Ridley facility by October and no coal has been shipped out of the terminal since then. The terminal still handles shipments of petroleum coke, as well as iron ore pellets, but a resurgence of coal shipments could be a key to the revival of the facility.

[1] "Prince Rupert to Host 36 Ships at New Terminal in 2004." Prince Rupert Port Authority press release, August 12, 2004

Traffic at the other terminals at the Port of Prince Rupert have also suffered, particularly at the Fairview terminal, where volumes shipped have plunged due to the loss of forest product business after the closure of the pulp mill. Wheat and other grain shipments from the Prince Rupert Grain facility are also well below those experienced at their peak.

Tonnage volume shipped through the Port of Prince Rupert



Source: Prince Rupert Port Authority

The volume of goods shipped through Fairview terminals has slumped substantially...

There is a strong possibility that the outlook for the Fairview terminal will improve significantly in the next year. There are plans to build a container port at the facility to take advantage of the trend toward more containerized cargo. It is hoped that the facility will be operational by the fall of 2005. The plans were given a boost recently when the BC and Alberta governments made a pledge to move toward increased economic integration. One of the key points of discussion was expanding the container-handling capacity of the Port of Prince Rupert and improving road and rail links to the community so that goods from Northern Alberta can be shipped to their overseas markets faster and at a lower cost.

...but the potential for a new container-handling facility could change all that

The addition of a container port facility could bring tremendous benefits to the region. Don Krusel, President and CEC of the Prince Rupert Port Authority, estimated that the new container port would create 252 jobs and have an annual direct economic impact of $65 million.[2]

[2] As quoted in "Containerization set for 2005: Port," *Prince Rupert Daily News*, October 17, 2003.

Having the ability to handle containerized cargo would be a boon to the Port not only because it will probably result in a significant jump in Canadian goods leaving the country through the Port of Prince Rupert, but also because it should result in traffic in imported goods becoming an important component of the Port's operations. Shipments from Asian markets in particular would be a perfect fit for the Port and increasing Port activity to both imports and exports would improve efficiency, since ships would not have to arrive empty.

The addition of a container port could be the pot of gold for the "City of Rainbows"

Prince Rupert has an advantage over other North American ports in terms of shipping to and from Asian destinations. Compared to Vancouver, it is a day's sailing time closer and even closer still compared to American ports. It has an excellent transport network, including rail links to the rest of North America. It has a deep harbour and is ice-free year round. These factors are the reason why the City of Prince Rupert was founded in the first place. It was originally built to accommodate the western terminus of the Grand Trunk Railway and it was envisioned that it would become a port to rival that of Vancouver. While that is unlikely to ever happen, the current activity around the Port of Prince Rupert has certainly given the residents of that community reason for optimism after years of bad news. In a city used to rain, the future is suddenly looking a lot brighter.

Infoline

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BC at a glance . . .

POPULATION (thousands)	Apr 1/04	% change on one year ago
BC	4,177.4	0.9
Canada	31,825.4	0.9
GDP and INCOME		
(BC - at market prices)	2003	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	142,418	5.1
GDP *($ 1997 millions)*	130,914	2.2
GDP *($ 1997 per Capita)*	31,572	1.4
Personal Disposable Income *($ 1997 per Capita)*	19,495	-0.4
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Apr	3,389	-0.9
Merchandise Exports - Apr	2,464	0.5
Retail Sales - Mar	3,613	2.1
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	May '04	% change
BC	123.4	1.7
Canada	125.0	1.7
LABOUR FORCE (thousands)		
(seasonally adjusted)	May '04	% change on prev. month
Labour Force - BC	2,227	0.8
Employed - BC	2,053	0.7
Unemployed - BC	174	1.3
		Apr '04
Unemployment Rate - BC *(percent)*	7.8	7.7
Unemployment Rate - Canada *(percent)*	7.2	7.3
INTEREST RATES (percent)	Jun 23/04	Jun 25/03
Prime Business Rate	3.75	5.00
Conventional Mortgages - 1 year	4.70	4.85
- 5 year	6.70	5.80
US/CANADA EXCHANGE RATE	Jun 23/04	Jun 25/03
(avg. noon spot rate) Cdn $	1.3616	1.3427
US $ *(reciprocal of the closing rate)*	0.7357	0.7431
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	May '04	one year ago
BC	671.73	-1.8
Canada	680.24	2.6

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

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- Business Indicators, June 2004

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